

CHAPTER 2 LOTTERY LICENSES

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200 BOARD APPROVAL

200.1 For the purposes of Chapters 2 through 4, the formal title "Lottery and Charitable Games Control Board" and any abbreviated reference to the "Board" shall mean the board, appointed under D.C. Code §2-2501 (1994 Repl. Vol.). The term "the Agency," shall mean the independent agency of the government of the District of Columbia which operates under the authority and direction of the Board and under the direct administrative and management supervision of the Executive Director appointed in accordance with D.C. Code §2-2503 (1994 Repl. Vol.).

200.2 No license shall be issued, suspended, or revoked by the Agency, except upon the approval of the Board as provided in D.C. Code §2-2502 (1994 Repl. Vol.) and in accordance with this chapter.

AUTHORITY: Unless otherwise noted, the authority for this chapter is §4 of the Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable Purposes in the District of Columbia, D.C. Law 3-172, D.C. Code §2-2501 *et seq.* (1994 Repl. Vol.).

SOURCE: Final Rulemaking published at 36 DCR 8665 (December 29, 1989).

HISTORICAL NOTE: Prior to December 29, 1989, the D.C. Lottery and Charitable Games Control Board published Final Rulemaking published at 29 DCR 2202 (May 28, 1982); and at 30 DCR 1597, 1609 (April 8, 1983).

201 ELIGIBILITY REQUIREMENTS

201.1 Any person, firm, partnership, association, organization, or corporation which meets the requirements of this section is eligible for a license to sell lottery tickets.

201.2 To be eligible for a license issued by the Agency, an applicant shall do the following:

- (a) Operate a lawful establishment in the District of Columbia which is open to the public and maintains regular business hours;
- (b) Demonstrate the ability to serve the economical and efficient operation of a lottery through the sale of lottery tickets;
- (c) Demonstrate financial stability and responsibility;
- (d) Demonstrate the ability to meet minimum sales standards established by the Executive Director;
- (e) Provide a physically secure and readily accessible location in an area where there is a need for an agent;
- (f) Employ sufficient personnel to accommodate ticket purchasers efficiently.

201.3 For purposes of this chapter, the term "establishment" shall include the operation of a business, non-profit enterprise or non-profit institution which does not have as its primary or business the sale of lottery tickets. The term "establishment" shall include the Agency. Lottery tickets shall include terminal generated tickets and instant tickets.

201.4 In determining whether the applicant meets the requirements set forth in §201.2(c), the Agency shall consider business performance records, business practices, financial resources, record of indebtedness, and other factors relating to financial reliability of the applicant. These factors shall indicate that the applicant shall do the following:

- (a) Deal responsibly and honestly with the Board, the Agency, and the public;
- (b) Make all financial settlements and payments promptly; and
- (c) Remain a viable establishment throughout the license period;

201.5 An agent may be licensed for additional locations, including kiosks; Provided, that a separate license is issued for each location; and Further Provided, that each location satisfies the location and security eligibility requirements of this chapter.

201.6 In determining whether the applicant meets the requirements set forth in §201.2(d), the Board shall consider the following:

- (a) The location at which the applicant intends to sell lottery tickets;
- (b) The number of customers who frequent the location;
- (c) The volume of sales at the location;
- (d) The days and hours of operation;

- (e) The availability of convenient parking;
- (f) The proximity to other agents; and
- (g) Other relevant marketing factors.

201.7 Notwithstanding any provision of this chapter, no license shall be issued to sell lottery tickets at a location prohibited by acts of Congress.

SOURCE: Final Rulemaking published at 36 DCR 8665 (December 29, 1989); as amended by Final Rulemaking published at 40 DCR 7646 (November 5, 1993).

HISTORICAL NOTE: Prior to December 29, 1989, the D.C. Lottery and Charitable Games Control Board published Final Rulemaking published at 29 DCR 2202 (May 28, 1982).

202 APPLICATION FOR ORIGINAL AND RENEWAL LICENSES

202.1 Each applicant for an original or renewal license shall file a completed application on a form provided by the Agency.

202.2 The application shall be completed by a person at least eighteen (18) years of age who is an owner, partner, director or officer having the power to bind the applicant.

202.3 Each application shall indicate the location where lottery tickets shall be sold.

202.4 Any agent may submit an application to renew its license; Provided, that the agent remains qualified to receive a license at the time of renewal; and Provided Further, that the renewal privilege shall not be construed as a vested right which shall prevent the Board from decreasing the number of licenses to be issued.

202.5 A renewal application shall be filed at least forty-five (45) days prior to the expiration date of the license, except as provided in §§204.6 and 204.7.

202.6 Upon expiration of the license, the agent shall cease selling lottery tickets until the agent's license is renewed.

SOURCE: Final Rulemaking published at 36 DCR 8665, 8667 (December 29, 1989); as amended by Final Rulemaking published at 39 DCR 2286 (April 3, 1992).

HISTORICAL NOTE: Prior to December 29, 1989, the D.C. Lottery and Charitable Games Control Board published Final Rulemaking published at 29 DCR 2202 (May 28, 1982).

203 EVALUATION OF AN APPLICATION FOR A LICENSE AND AN ASSIGNMENT OF ON-LINE COMPUTER TERMINAL

203.1 The Agency shall consider all relevant information in evaluating an application in accordance with the criteria specified in §§201.2 and 205.1.

203.2 The Agency may conduct pre-licensing and pre-assignment surveys in order to evaluate the performance capability of the prospective agent.

- 203.3 The pre-licensing or preassignment survey shall be based on information submitted by the applicant, data in the possession of the Agency or other District or Federal agencies, and on-site inspections of the location.
- 203.4 By filing an application, the applicant shall consent to have his or her name referred to the Metropolitan Police Department and the police department of the jurisdiction of his or her residence for a criminal history report and to undergo any procedures which may be required for that purpose, including fingerprinting.
- 203.5 The applicant's partners, directors, officers, managers, supervisors and key employees shall also consent to have their names referred to the Metropolitan Police Department and the police department of the jurisdiction of residence for a criminal history report and to undergo any procedure which may be required for that purpose, including fingerprinting.
- 203.6 A criminal history report shall not be required from the jurisdiction of residence if that jurisdiction does not permit the use of the reports for licensing purposes.
- 203.7 The Agency shall not accept an application for a license from an applicant, or any of its owners, directors, or officers, within one (1) year of a denial or revocation of a license, if the denial was based on the submission of false, misleading or fraudulent information, or if the revocation was for cause.

SOURCE: Final Rulemaking published at 36 DCR 8665, 8668 (December 29, 1989).

HISTORICAL NOTE: Prior to December 29, 1989, the D.C. Lottery and Charitable Games Control Board published Final Rulemaking published at 29 DCR 2202 (May 28, 1982).

204 ISSUANCE OF ORIGINAL AND RENEWAL LICENSES

- 204.1 The Board may vote to issue a license to sell lottery tickets upon the favorable recommendation of the Executive Director.
- 204.2 The Executive Director's recommendation shall include a determination that all requirements of this chapter have been met.
- 204.3 All licenses shall be issued in the name of the establishment listed in the license application.
- 204.4 All licenses shall be valid for a period determined by the Board and shall expire at midnight of the last day of the designated period.
- 204.5 For the purpose of staggering license renewals and for the orderly administration of the licensing process, the Board may vary the period of a new or renewal license to coincide with the scheduled renewal cycle for that license.
- 204.6 For the purpose of staggering license renewals, the Board may require an agent to file a renewal application ninety (90) days prior to the expiration date of the license.
- 204.7 At least one hundred and twenty (120) days prior to the expiration date of the license, the Board shall give an agent written notice of the Board's intent to

require the agent to file a renewal application pursuant to the provisions of §204.6.

204.8 The Board may require an applicant for a new or a renewal license to pay a license fee and other fees or costs.

204.9 All fees and costs may be prorated according to the period of the license.

SOURCE: Final Rulemaking published at 36 DCR 8665, 8669 (December 29, 1989); as amended by Final Rulemaking published at 38 DCR 2286 (April 3, 1992).

HISTORICAL NOTE: Prior to December 29, 1989, the D.C. Lottery and Charitable Games Control Board published Final Rulemaking published at 29 DCR 2202 (May 28, 1982); and at 30 DCR 1597, 1609 (April 8, 1983).

205 ASSIGNMENT OF ON-LINE COMPUTER TERMINALS

205.1 On-line lottery terminals shall be assigned only to agents who provide a physically secure location and space which is adequate to serve on-line ticket purchasers efficiently.

205.2 The Board may deny the assignment of an on-line terminal in a particular area if it determines that the area is adequately served.

SOURCE: Final Rulemaking published at 36 DCR 8665 (December 29, 1989).

HISTORICAL NOTE: Prior to December 29, 1989, the D.C. Lottery and Charitable Games Control Board published Final Rulemaking published at 29 DCR 2202 (May 28, 1982).

206 CHANGE IN OWNERSHIP, LOCATION, ADDRESS OR TYPE OF OPERATION

206.1 If the location, type of operation, or ownership of an agent's establishment substantially changes, the agent shall not sell lottery tickets or actively engage in lottery business until a license has been issued reflecting the change.

206.2 For the purpose of this section, a "substantial change in ownership" shall mean a transfer of ten percent (10%) or more in the equity of or financial interest in any establishment.

206.3 If an agent does not wish to terminate the sale of lottery tickets because of a change of location, change in the type of operation, or substantial change in ownership, the agent shall apply in writing for a new license at least forty-five (45) days prior to the change.

SOURCE: Final Rulemaking published at 36 DCR 8665, 8669 (December 29, 1989).

HISTORICAL NOTE: Prior to December 29, 1989, the D.C. Lottery and Charitable Games Control Board published Final Rulemaking published at 29 DCR 2202 (May 28, 1982).

207 SPECIAL EVENTS LICENSES

207.1 Nothing in this chapter shall be construed to prohibit the sale of lottery tickets by licensed agents at special events open to the public. For purposes of this

section the term "special events" includes festivals and other special events so designated by the Agency.

- 207.2 Agents licensed to sell lottery tickets at one (1) or more locations may apply for permission to sell lottery tickets at special events on a form provided by the Agency. A separate license shall be issued for each special event indicating the time, place, duration and manner of the sale of lottery tickets at that special event.
- 207.3 A license for the sale of tickets at a special event may include more than one (1) location at that event.
- 207.4 Before a license is issued for the sale of lottery tickets at a special event, the agent shall submit a plan for approval by the Agency to protect the integrity and security of the Agency's games, property and records during the special event and obtain any other licenses required by the District.
- 207.5 Special events licenses shall be issued only to agents who have obtained all other licenses required by the District to operate a lawful establishment including licenses required for the special event.

SOURCE: Final Rulemaking published at 36 DCR 8665, 8670 (December 29, 1989).

HISTORICAL NOTE: Prior to December 29, 1989, the D.C. Lottery and Charitable Games Control Board published Final Rulemaking published at 29 DCR 2202 (May 28, 1982).

- 208 **[DELETED]** 39 DCR 2286, 2287 (April 3, 1992).

209 **DENIAL, REVOCATION, OR SUSPENSION OF ORIGINAL OR RENEWAL LICENSE**

- 209.1 The Board may deny, suspend for not more than sixty (60) days, or revoke a license for reasons, including but not limited to, the following:
- (a) If any owner, partner, directors or officer of the establishment, including any person named on the application, has been convicted of, or pled guilty to, a felony, for which he or she either has not received a pardon or has not been released from parole or probation, within five (5) years of the date of the original application or renewal application or at any time during the license period;
 - (b) If any person named on the application has violated any rule, regulation, order of the Board or order of the Executive Director;
 - (c) If the applicant uses false or misleading information on the application;
 - (d) If the agent or employees of the agent refuse or fail to provide relevant testimony or produce relevant records and documents pursuant to a properly issued subpoena or other written request of the Agency;

- (e) If an agent's establishment is not authorized or licensed to operate, or to conduct business in the District;
- (f) If an agent fails to notify the Agency within forty-five (45) days in advance of a substantial change of ownership, change of location or address, change of the establishment, or a change of the type of operations.
- (g) If an agent commits any act which impairs the agent's reputation for honesty and integrity;
- (h) If an agent fails to meet minimum sales standards established by the Executive Director;
- (i) If an agent fails to take reasonable security precautions regarding the handling of lottery tickets or other lottery property;
- (j) If an agent refuses or is unable to pay prizes when presented with a winning ticket;
- (k) If an agent fails to comply with any other laws or regulations applicable to the conduct of the agent's operations; or
- (l) If an agent becomes insolvent or dies.

SOURCE: Final Rulemaking published at 36 DCR 8665, 8671 (December 29, 1989); as amended by Final Rulemaking published at 39 DCR 5009 (August 9, 1991); and by Final Rulemaking published at 40 DCR 7646 (November 5, 1993).

HISTORICAL NOTE: Prior to December 29, 1989, the D.C. Lottery and Charitable Games Control Board published Final Rulemaking published at 29 DCR 2202 (May 28, 1982).

210 NOTICE OF DENIAL, REVOCATION OR SUSPENSION

210.1 If the Board initially votes to deny an original or a renewal license, or to revoke or suspend an agent's license, the Agency shall send a written notice by certified mail, return receipt requested, stating the following:

- (a) The reasons for denial, revocation or suspension;
- (b) The right to contest the denial, revocation or suspension at a hearing before the Agency; and
- (c) The right to be represented by counsel or any other person.

210.2 In order to request a hearing, the applicant or agent shall file a written request for a hearing with the Executive Director within fifteen (15) business days of the receipt of the notice in accordance with the provisions of Chapter 4 of this title.

210.3 The Executive Director shall set a date, time, and place for the hearing and shall provide notice to the applicant or agent at least fifteen (15) days prior to the hearing.

210.4 The Board's action shall be final if one of the following occurs:

- (a) An applicant or agent fails to file a written request for a hearing within fifteen (15) business days after receipt of the notice; or
- (b) After a hearing, the Board affirms its initial decision.

210.5 Upon notification of the final decision by the Board to deny a renewal license, the agent shall do the following:

- (a) Cease the sale of lottery tickets;
- (b) Render a final lottery accounting by the date on the order; and
- (c) Surrender the license, identification card, on-line computer terminal, and any other lottery property to the Agency by the date on the order.

SOURCE: Final Rulemaking published at 36 DCR 8665, 8672 (December 29, 1989).

HISTORICAL NOTE: Prior to December 29, 1989, the D.C. Lottery and Charitable Games Control Board published Final Rulemaking published at 29 DCR 2202 (May 28, 1982).

211 EMERGENCY INTERRUPTION OF AN AGENT'S LOTTERY OPERATIONS

211.1 The Board may order an agent to cease the sale of lottery tickets without a prior hearing, for a period not to exceed thirty (30) days, if an agent violates any of the provisions of this title, and the Board finds that the public health, safety or welfare requires emergency action.

211.2 The Executive Director shall deliver, by courier, a written notice or order of the Board to cease the sale of tickets stating the following:

- (a) The reason for the order;
- (b) The right to contest the order; and
- (c) The right to be represented by counsel or any other person as a representative.

211.3 The Executive Director shall schedule a hearing within ten (10) business days of the receipt of the notice or order to cease the sale of lottery tickets. The hearing shall be held prior to the expiration date of the order in accordance with the provisions of Chapter 4, except that the notice provisions of this subsection shall govern emergency interruptions.

SOURCE: Final Rulemaking published at 36 DCR 8665, 8673 (December 29, 1989).

HISTORICAL NOTE: Prior to December 29, 1989, the D.C. Lottery and Charitable Games Control Board published Final Rulemaking published at 29 DCR 2202 (May 28, 1982).

212 INTERRUPTION OF ON-LINE OPERATIONS

212.1 The Executive Director may interrupt on-line lottery operations services to an agent without notice or prior hearing for one of the following reasons:

- (a) Failure to make prompt payment to the Agency according to §305;
 - (b) Failure to notify the Agency prior to a substantial change of ownership according to §206;
 - (c) Failure to meet minimum sales standards established by the Executive Director; or
 - (d) Violation of the provisions of §209.1.
- 212.2** The Executive Director shall deliver, by courier, a written notice of interruption of on-line operations services stating the following:
- (a) The reason for the interruption;
 - (b) The right to contest the interruption; and
 - (c) The right to be represented by counsel or any other person as a representative.
- 212.3** The Executive Director shall schedule a hearing within ten (10) business days of the receipt of the notice of interruption of on-line operations services.

SOURCE: Final Rulemaking published at 36 DCR 8665, 8673 (December 29, 1989); as amended by Final Rulemaking published at 40 DCR 7646 (November 5, 1993).

HISTORICAL NOTE: Prior to December 29, 1989, the D.C. Lottery and Charitable Games Control Board published Final Rulemaking published at 29 DCR 2202 (May 28, 1982).

213 VOLUNTARY SURRENDER OF LOTTERY LICENSE

- 213.1** The agent shall notify the Agency at least thirty (30) days in advance, in writing, of the agent's intent or desire to surrender the Lottery license.
- 213.2** The agent shall allow the Agency or the Agency's representative access to the location to remove the on-line computer terminal and return all Agency property including the following:
- (a) Agent's lottery license;
 - (b) Agent identification card and stamp;
 - (c) The on-line computer terminal; and
 - (d) All other Agency property.

SOURCE: Final Rulemaking published at 36 DCR 8665, 8674 (December 29, 1989).

HISTORICAL NOTE: Prior to December 29, 1989, the D.C. Lottery and Charitable Games Control Board published Final Rulemaking published at 29 DCR 2202 (May 28, 1982).

